

Public Lecture


PROMOTING THE DISCIPLINE OF TAXATION FOR SUSTAINABLE DEVELOPMENT IN DEVELOPING ECONOMIES

By

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Issues to be addressed

- Introduction: concept & necessity of Taxation
 - Purposes of Taxation
 - Taxation as a Discipline of Study
 - Career Opportunities for Taxation Graduates
 - Taxation and Revenue Assurance for Sustainable Development
 - Summary, Conclusion and Recommendations
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Public Lecture


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Venue:




INTRODUCTION

- Taxation is the process of identifying taxable item and tax payer, assessing the item for levying in the hand of the identified tax payer, arriving at the tax liability on the item to be settled by the tax payer and collecting the amount levied on the item from the tax payer, as at when due.
 - The proceed collected through the process is remitted to government, by the relevant tax authority, to cover the cost of governance.
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INTRODUCTION


- Tax is a compulsory levy imposed by the government through its agents on the income, profit, capital gain or consumption of its subjects (tax payers).
 - The subjects to a government are individuals (natural persons) and organizations (artificial persons).
 - The income they earn; the profit they make; the capital gains they realize; and their consumption of goods and services are all subject to assessment for tax purposes.
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INTRODUCTION


- Tax, therefore, represents an important source of revenue to government of any nation.
 - As every government engages in a number of economic and political activities, the fund generated through the natural resources available to the government is always grossly inadequate for achieving set goals and, so, more funds must be raised through taxation.
 - In fact, taxation is the most durable source of revenue to any serious society, from time immemorial to date (Abdulrazaq, 2002).
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INTRODUCTION

Governments use tax proceeds to render their traditional functions such as:

- provision of public goods(education, healthcare, infrastructure, etc);
 - maintenance of law and order;
 - defense against external aggression;
 - regulation of trade and business to ensure social and economic justice, etc.
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INTRODUCTION

- As taxation enjoys recognition as a means of government's sustainable revenue generation for executing developmental projects, it is imperative to treat taxation as a discipline of its own in developing economies of the world.
 - This would make ways for deeper understanding and intimate knowledge of taxation, to the extent that taxation can become a significant part of the national psyche of the citizens of those countries.
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INTRODUCTION

- To impose direct and indirect taxes, some principles have to be applied and, so, the knowledge of those principles must be adequately obtained at various levels of education in the developing economies, so that respect for taxation could be developed in the psyche of the citizens at all levels.
- Again, if all the citizens of a developing country are conscious of the importance of taxation in their national lives, the discipline of taxation would take its rightful position as the engine of sustainable growth and development of the country.

INTRODUCTION

- This presentation is aimed at promoting taxation as a distinct academic discipline and professional line with the prospect of making tax administrators and tax practitioners to be on a level playing field with their counterpart experts in the discipline of Accounting, Law, Economics, Management, Finance, etc.
- This would make the “love” of taxation to be inculcated in the psyche of citizens of developing economies for revenue assurance and for the achievement of other objectives of taxation.

PURPOSES OF TAXATION

A good tax system should be able to meet up with the modern principles of taxation for it to serve all the modern purposes of taxation.

These principles or ‘canons’ are:

- equity;
- convenient;
- certainty ;
- economical; and
- neutrality.

PURPOSES OF TAXATION


A good tax system should amount to the achievement of the following purposes:

1. **Revenue to Cover Expenditure**
2. **Economic Stabilization**
3. **Regulation and Control**
4. **Income Re-Distribution**

TAXATION AS A DISCIPLINE OF STUDY


► Development of Taxation as a Field of Study

The pace setting academic contributions of Adams Smith and others to the discipline of Taxation, and the numerous tax laws and policies developed by various governments of different countries of the world for the achievement of the purposes of Taxation, served as solid background for Universities and other tertiary educational institutions to adopt Taxation as a field of study.




TAXATION AS A DISCIPLINE OF STUDY

Taxation is now offered as a course of study at the B Sc, M Sc and PhD levels in some Universities in Europe, USA and Asia. Even in the African continent, where all the countries are defined as developing economies, some Universities have started offering courses in Taxation at the Diploma, B Sc and M Sc levels.




TAXATION AS A DISCIPLINE OF STUDY

- In Nigeria, for example, the Covenant University, Otta, has started graduating students with B Sc Taxation and Public Sector Accounting degrees.
 - The Senate of Bayero University, Kano has long ago adopted B Sc Taxation in its strategic plan, but the programme is not yet introduced.
 - Many other Universities have been called upon to introduce Taxation as a course of study, in collaboration with the Chartered Institute of Taxation of Nigeria (CITN).
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TAXATION AS A DISCIPLINE OF STUDY

The structures of the B Sc and M Sc Taxation programmes could cover course units in the areas of: Personal Taxation; Business Taxation; International Taxation; Revenue Law; Oil, Gas and other Mineral Taxation; Tax Audit and Investigation; Tax Management and Practices; Zakat; Islamic Tax System; and Research Methodology in Taxation. Borrowed course units from related disciplines could be offered in the programmes.



TAXATION AS A DISCIPLINE OF STUDY

▣ Research Frontiers in Taxation

- The discipline of taxation has many 'virgin areas' for the conduct of academic or professional research.
- Research efforts could be said to have been made, globally, in the areas of personal income tax, companies' income tax, and petroleum profit tax.
- There is the need for more researches to be conducted in these areas, in line with modern trends, to address the effectiveness of these taxes in achieving the revenue assurance purpose of taxation in developing economies.



TAXATION AS A DISCIPLINE OF STUDY

- Researches are also required in the areas of capital gains tax, education tax, import duties, export duties, excise duties, value added tax, roads taxes, property tax and other taxes.
- The researches are to test the continuous relevance of those taxes in the modern world, their effectiveness in achieving the purposes of taxation, their positive/negative impact on an economy, the capacity of their relevant tax authorities and their long-run sustainability.



TAXATION AS A DISCIPLINE OF STUDY

- Researchers are also needed in the areas of legal framework, institutional powers and structural designs of taxes and their relevant authorities.
- These researches are to be conducted for lapses to be identified, remedies to be recommended and appropriate best practices to be adapted and adopted so that taxation in the developing economies could be relied on as the most important source of revenue to government for executing developmental projects.




TAXATION AS A DISCIPLINE OF STUDY

- Other specific areas of research in taxation include: taxation and the legal system of a country; ethical issues in taxation; taxation and its constitutional provisions; e-business/e-Commerce taxation; international dimensions of taxation; accounting for oil and gas taxation; tax audit and investigation (back duty investigation); solid minerals taxation; taxation of religious organizations, etc.



TAXATION AS A DISCIPLINE OF STUDY


- The frontiers for research in Taxation are many for students and scholars of taxation to consider as they further their studies in the discipline of Taxation.
 - Researches for the award of degrees (B Sc, M Sc or PhD) could be conducted in any of the numerous general and specific areas mentioned earlier. Taxation is really a 'virgin' research area, especially in the developing economies.
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CAREER OPPORTUNITIES FOR GRADUATES OF TAXATION


The demand for trained tax experts is on the increase in both the Public and Private Sectors of any serious economy. Graduates of Taxation stand a good chance of getting employment opportunities immediately on graduation as their services are in hot demand by all of the following:

- **Tax Authorities**
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CAREER OPPORTUNITIES FOR GRADUATES OF TAXATION

- Tax Departments of Relevant Professional Firms
 - Offices of Chartered Tax Practitioners
 - In-House Tax Departments of Corporate Bodies
 - Teaching Profession
 - Opportunities Open to Related Graduates
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TAXATION AND REVENUE ASSURANCE FOR SUSTAINABLE DEVELOPMENT

- There are two main types of revenue available to governments for the execution of capital and recurrent projects:
 - (i) Non-tax revenue
 - (ii) Tax Revenue
 - The non-tax revenue sources are mainly natural resources like petroleum, solid minerals, precious minerals, groundnut, cocoa, tin, timber, copper, iron ore, etc. These sources could not last forever; they are bound to become extinct or dried up in a matter of time. They could not assure any economy of revenue that would ensure sustainable development.
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TAXATION AND REVENUE ASSURANCE FOR SUSTANABLE DEVELOPMENT

- Tax-based revenue sources are all the forms of taxes in an economy: direct taxes (PPT, PIT, CIT, CGT, Edu T, etc) and indirect taxes (VAT, Excise Duties, Import Duties, Export Duties, etc).
- Taxation is the surest and everlasting source of revenue from the beginning of community set-up to the end of the world.
- It is Taxation, therefore, that assures revenue for sustainable development.

TAXATION AND REVENUE ASSURANCE FOR SUSTANABLE DEVELOPMENT

- An economy that relies heavily on natural resources in generating revenue for development is termed resource-based, while the one that relies mainly on Taxation for development is termed tax-based.
- It is apparently clear, in the modern world, that resource-based economies (mainly in Africa, Asia and South America) are regarded as developing economies or backward economies of the world.

TAXATION AND REVENUE ASSURANCE FOR SUSTANABLE DEVELOPMENT

- This is due to the fact that the natural resources available to those economies make their government functionaries to become lazy, corrupt and greedy, thereby under-developing the economies further (a sort of Resource Curse!).
- With the greed and laziness in the government functionaries, they are bound to fail in the implementation of all the excellent Development Plans, Visions, MDGs and other economic development blue prints that could be thought out, leaving the economies to remain perpetually underdeveloped.

TAXATION AND REVENUE ASSURANCE FOR SUSTANABLE DEVELOPMENT

- The citizens of those developing economies usually develop apathy on the way those resources are managed since they are natural endowments; the revenue generated through them is not coming from their pockets in the form of taxation!
- With the apathy in the majority of the citizens, they are bound to remain in absolute and chronic poverty, ignorance, diseases and perpetual hopelessness (what a resource curse!).

TAXATION AND REVENUE ASSURANCE FOR SUSTANABLE DEVELOPMENT

- Tax-based economies are, not surprisingly, the developed economies of the world (mainly in Europe and North America), due mainly to the fact that the governments of those economies are finding it necessary to be prudent, transparent, accountable, just and fair in spending tax payers' money, thereby achieving the objective of sustainable development.

TAXATION AND REVENUE ASSURANCE FOR SUSTANABLE DEVELOPMENT

- It is sustainable revenue (through taxation) that would ensure the development of all the four interwoven sectors of an economy: Manufacturing Sector; Services Sector; Extractive Sector; and Agricultural Sector.
- For sustainable economic development, the four sectors are to be emphasized in that order, using the revenue generated on sustainable basis.

TAXATION AND REVENUE ASSURANCE FOR SUSTANABLE DEVELOPMENT

- Tax practitioners and administrators, professional accountants, and legal luminaries in government of a developing economy, and those serving as its professional advisers (including scholars/researchers in the areas of taxation, accounting and finance), are to be apportioned with a substantial share of the blame for the government's inability to make the economy tax-based.

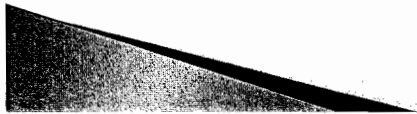
SUMMARY, CONCLUSION AND RECOMMENDATIONS

- This presentation promotes the integration of Taxation into the national psyche of citizens in the developing economies, in view of its potentials in bringing about sustainable economic growth and development.
- It reviews the four major purposes of Taxation; the research frontiers in the field of Taxation; the career opportunities open to the graduates of Taxation in developing economies; and the need to ensure sustainable revenue generation, through Taxation, for sustainable economic development of a developing economy.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

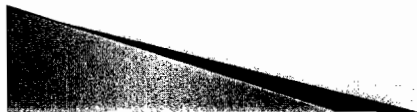
For this to be achieved in developing economies:

- The right revenue should be sourced from the right sources.
- The generated revenue should be voted to the right projects, which are to be executed with high degree of prudence, transparency, accountability, fairness and justice.



SUMMARY, CONCLUSION AND RECOMMENDATIONS

- As a show of that recognition, universities and polytechnics in the developing economies should be mandated, by the governments, to introduce Taxation Programmes at the Diploma, Undergraduate, PGD, M. Sc and PhD levels.
- The curriculum of secondary schools should accommodate Taxation as a subject of study, the way Accounting and Business Management are considered as subjects of study at that level.



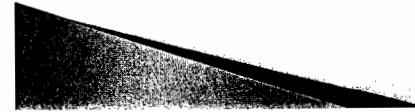
SUMMARY, CONCLUSION AND RECOMMENDATIONS

- It is the conclusion of this presentation that the discipline of Taxation has suffered a lot of set backs in developing economies because of the neglect of governments of those economies on Taxation as a major revenue earner and as an important instrument of fiscal policy.
- Now that many governments of developing economies appear to be ready to pay the required attention to Taxation, going by their commitment to review some tax laws and to reform the relevant tax authorities for better performance, there is the hope that the discipline of Taxation would enjoy the attention and recognition it deserves in those countries.



SUMMARY, CONCLUSION AND RECOMMENDATIONS

- Again, primary schools pupils should be made to appreciate the principles and purposes of Taxation, as well as the 5Ws (What, Who, Why, Where and When) of tax administration before proceeding to secondary schools.
- All this would make Taxation to be practically integrated into the national psyche of citizens of developing economies.



Thanking you

*Thanks a lot
for Listening!*

